



Daily Report

West Europe

FBIS-WEU-96-033
Friday
16 February 1996

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NATO: Solana Orders Investigation Into Karadzic Incident

BR1602073096 Madrid EFE in Spanish
1823 GMT 14 Feb 96

[Unattributed report: "Solana Orders Investigation Into IFOR's Negligence Concerning Karadzic"]

[FBIS Translated Text] Brussels, 14 Feb (EFE) — NATO Secretary General Javier Solana has ordered an investigation into the alleged impunity with which Bosnian Serb leader Radovan Karadzic passed in front of the allied troops in Bosnia without being detained.

The investigation has been set under way at the same time as the Atlantic Council has reiterated its intention that the forces for the implementation of the peace agreements in Bosnia (IFOR) should cooperate to the utmost to ensure that the war criminals do not escape international justice, allied diplomats said.

"We are not going to search for the criminals, but orders about what is expected of them will be transmitted again to the military personnel on the ground," the sources added, following the allied ambassadors' statement.

Solana wishes to ascertain whether Karadzic really did pass IFOR checkpoints in Bosnia on four occasions without being detained, and thus prevent a repetition of the incident, which came to light two days ago.

"The alliance is interested in making every necessary effort in support of the UN tribunal," and this was stated by the ambassadors, the sources reiterated.

However, the Atlantic Council made it clear that the "general" cooperation agreements with the tribunal "should be detailed," and to this end has set some of its lawyers to work to clarify some points of conduct together with the tribunal's lawyers.

"NATO is neither washing its hands of nor is indifferent to the detention or otherwise of Karadzic," one of the main people wanted by the tribunal for crimes against humanity, together with General Ratko Mladic and another 50 Serbs and Croats, it is said at alliance headquarters.

As an instance of the allies' intent, the diplomats cite their making available last Monday, "without any kind of reservation," suitable transport to convey from Sarajevo to The Hague two Bosnian Serb officers who are suspected of having committed atrocities in Bosnia, but who are not among the accused.

The alleged impunity with which Karadzic is moving about — which has not been confirmed by the tribunal or by NATO — is the first major failure of the allied troops in Bosnia, despite the fact that the troops'

deployment is working as planned and that they have succeeded, without major problems, in beginning to create an "atmosphere of security" and to maintain stable demarcation lines between the sides.

Allied leaders in Sarajevo recently remarked that the poor quality and scanty information which they had about the 52 accused — mostly Bosnian Serbs — supplied by the tribunal prosecutor's office prevented them from detaining the alleged criminals.

"The tribunal has promised us that it will amplify as soon as possible the fact files on each of the accused," the allied source said.

From the Bosnian capital the IFOR chiefs assert that they have photographs of only 15 of the accused and of "such poor quality" that they are virtually useless, whereas Antonio Cassese, the president of the international high court, said in Brussels on Monday that he had sent photographs of over 30.

In many cases the information about the people who are to be detained "is no more than a name" and a brief description.

NATO Renews Vow To Arrest War Criminals in Bosnia

AU1402134996 Paris AFP in English
1309 GMT 14 Feb 96

[FBIS Transcribed Text] Brussels, Feb 14 (AFP) — The NATO Council reaffirmed Wednesday [14 February] that it wanted NATO troops serving with the Bosnia peace force to arrest suspected war criminals in Bosnia, in line with their mandate, a top NATO official said.

At its weekly meeting the council, the highest political body in the North Atlantic Treaty Alliance, agreed that NATO "must do all it can to help the International Criminal Tribunal on the former Yugoslavia," the official said, requesting anonymity.

"NATO member countries attach great importance to the question of war criminals, and orders have been given to the military authorities to implement the relevant policy, he said.

The Dayton peace accords for Bosnia do not authorize peace Implementation Force (IFOR) troops to hunt down suspected war criminals, but requires soldiers to arrest and transfer them to the UN tribunal if IFOR happens to come across the suspects.

"If a war criminal falls into IFOR's hands, we will arrest him, even if it is the leader of the Bosnian Serbs, Radovan Karadzic," the NATO official said.

UN: Legal Expert Questions Treatment of Serb Officers

BR1502140996 Rotterdam ALGEMEEN DAGBLAD
in Dutch 14 Feb 96 p 9

[Report by Bram Versteeg: "Doubts About Extradition of Bosnian Serb Officers"]

[FBIS Translated Text] The Hague — The hasty transfer of two Bosnian Serb officers to the UN Court in The Hague is dubious, Amsterdam Professor P. de Waart believes.

The expert in international law has doubts about the way in which General Jukic, a friend of Commander Mladic, as well as Colonel Krsmanovic were flown to the Netherlands and transferred to the Scheveningen prison in handcuffs. It reminds him of the way in which the U.S. military picked up Panamanian President Noriega in his palace, and flew him to the United States because he was suspected of drug trafficking.

De Waart thinks the transfer has taken place "rashly." "Apparently it became too dangerous to keep them imprisoned in Sarajevo. Both suspects were put on the plane to ease the pressure. Unfortunately the Netherlands is now stuck with the hot potato."

Prosecutor Goldstone still regards Jukic and Krsmanovic as suspects. In a few weeks it will be decided whether or not they will be indicted. If there is insufficient evidence for a charge, they will probably be used as witnesses, Court Spokesman Charlier explained.

De Waart wonders whether the suspects' rights have been adequately respected. It is true that they will get a lawyer — in this case probably the prominent Yugoslav criminal lawyer Toma Fila — as well as an interpreter, but the Court's rules do not provide for a maximum custody term. "This should have been clearly agreed. Apparently the Security Council did not see the need for this."

He also wonders whether the Court is still sufficiently impartial now that it is "stirring up a volcano." Sending the suspects back without prosecuting them would be a slap in the face for the Court and for IFOR (Implementation Force). That is something which neither of them could permit.

Since Jukic ranks fourth in the Bosnian Serb hierarchy, observers are anxious about his possible statements in The Hague. Jukic is powerful enough to jeopardize Milosevic's position. The pressure on the Serbian president is already increasing. One of his political opponents, the right-wing nationalist Seselj, says he has applied for a visa to testify against Milosevic in the Netherlands.

The Bosnian Serbs are furious about their officers' transfer to The Hague. We shall find an "adequate response" if both officers fail to be released, Vice President Koljevic of the Serb Republic in Bosnia stated. The Bosnian Serb negotiators ran away from the disarmament talks for former Yugoslavia in Vienna. Russia labelled the transfer of the Serbs to the Court a "dangerous" development.

International: Trade Unions Concerned About Globalization

BR1602132496 Brussels EUROPEAN VOICE
in English 15-21 Feb 96 p20

[Report on interview with Bill Jordan, general secretary of the International Confederation of Free Trade Unions, by Elizabeth Wise, place and date not given: "What Price the Advent of a Global Market"]

[FBIS Transcribed Text] Pushing its trading partners for promises to open borders, the EU trumpets the glories of linking markets and building commercial accords with countries around the world.

But Bill Jordan, general secretary of the International Confederation of Free Trade Unions (ICFTU), is not celebrating. He and other union leaders have another view of the much-lauded globalisation of trade, which they say is pushing up unemployment rates and putting European workers on the streets.

"It is the third world war," he says. "There won't be mortal casualties, but there will be economic casualties."

Jordan and his 1.27 million-member union group are calling on EU member states to defend European workers from the pressures of cheap labour in the developing world and to reform domestic social policy.

More trade, the EU reasoning goes, means more jobs. But that is not necessarily so, according to Jordan. "There is the prospect of real job loss in Europe, a permanent job loss, and a defensive reaction in Europe."

Some may dismiss this as typical of the views of old-fashioned trade unionists, but, in fact, more and more people agree with Jordan. Klaus Schwab, founder and president of the World Economic Forum, which draws the world's movers and shakers to the Swiss ski resort of Davos each year, has spoken of globalisation reaching a "critical phase" and observed a "mounting backlash" in Europe, of which the crippling strikes in France in December are just one example.

Jordan believes the globalisation of trade is changing the world as dramatically as the Cold War did, but with "more significant effects".

First, economic growth slows down and prosperity dwindles. Then, more slowly, but irrevocably, the world's centre of economic gravity shifts from the West towards Asia.

Jordan cites estimates produced by the Organisation for Economic Cooperation and Development (OECD) suggesting that seven of the world's ten largest economies will be in Asia in the next 25 years, and adds that his trips to Asia have convinced him that even those figures are conservative.

Schwab agrees that increased trade has not brought more jobs to Europe and wonders why Europe has not come up with an answer to the rising joblessness, or managed to convince workers that the benefits of trade are on their way.

Jordan has one answer. Although he does not advocate an isolationist policy or an end to international commerce, he says the EU should not confer trade benefits as easily as it does. Instead, it should demand serious reform from its partners.

"The privilege of free trade is a great one and not to be given away," Jordan maintains. "It should be given in return for a pledge of civilisation."

The union group is making itself heard at EU headquarters. Only last month, the European Commission, responding to complaints from ICFTU and the European Trade Union Confederation (ETUC), began investigations into forced labour practices in Myanmar (Burma) and Pakistan.

If the allegations of slave labour organised by the Burmese military and forced child labour in Pakistan are found to be true, both nations could lose their benefits under the Union's generalised system of preferences.

Since 1995, the EU has included social provisions in its GSP which enable it to refuse tariff reductions for imports coming from offending countries. Such conditions should be prerequisites for any country to receive GSP, argues Jordan.

More ICFTU letters to the Commission have targeted Swaziland, Niger and the Congo. The confederation rushed to mobilise last autumn in the face of rapidly-advancing negotiations between the EU and Mercosur, the four-nation group of Latin American nations (Argentina Brazil Paraguay and Uruguay), to get labour standards encoded in the trading pact.

Now, with the EU-Asia summit looming, Jordan and his associates are once again making themselves heard. The ICFTU has asked the EU to demand a social dialogue when they meet Asian leaders on 1 and 2 March in Bangkok.

"For the trade unions, this is too good an opportunity to miss," says the ICFTU's monthly publication *Free Labour World*. It has mobilised partner unions in the countries participating in the summit "to take steps with their respective governments".

The ICFTU has asked summitters to set up a work programme to develop a joint social agenda, covering the five international labour standards drawn up by the International Labour Organisation (ILO) and endorsed by UN member nations when they met a year ago in Copenhagen for the World Summit on Social Development. The standards include bans on child and forced labour, ensuring non discrimination and the right to form unions. The ICFTU is also asking those attending the Bangkok summit to include a programme of trade union consultation in their negotiations on Euro-Asian cooperation.

Lastly, union leaders want the summit to end with a pledge that participating nations will support efforts in the World Trade Organisation (WTO) to set up a working group on the link between trade and labour standards.

That subject has sparked controversy at the WTO's headquarters in Geneva where members disagree on whether the next round of world trade talks should include labour clauses. Developing nations, where labour is cheap, maintain the demand as a smoke screen for 'First World' protectionism. WTO, but all international agreements such as the Asia Pacific Economic Cooperation (APEC) and the North American Free Trade Agreement (NAFTA), should have a clause which obliges parties to set standards for the "freedom of association and the right to collective bargaining, the minimum age for employment, discrimination, equal remuneration and forced labour".

Jordan argues: "In the present rush to establish free trade agreements as a contractual basis for economic relations, the social implications are being overlooked."

While Western countries cannot insist that factory owners in developing countries pay 'First World' wages, they can demand an end to child and bonded labour and discrimination, the ICFTU maintains.

Even if the nations involved have social standards, they are not being transposed into trading agreements, says Jordan. Domestic protection, therefore, risks being "undermined by the legal commitments which countries are entering into under the trade agreements".

Jordan argues that process must stop, adding that international trade agreements, regardless of the number of countries involved, require basic labour standards.

Without that, unemployed workers will rebel.

He also insists that governments have failed to recognise just how serious the problem of unemployment is for the EU.

Service industries say that as their sectors grow, they will create jobs. But Jordan says those jobs do not fill the gap of the departing manufacturers, because full-time jobs will be replaced with part-time or temporary jobs. How is it, he asks, that while EU countries have had steady, albeit low, economic growth, unemployment has continued to rise?

"Europe is not aware enough of the cause of unemployment. Europe is not aware of how serious it is," he says.

Jordan draws hope from Germany's social dialogue between employers, employees and government. He says the Germans have understood that it is worth restraining prosperity in order to keep jobs for all.

He also believes that, although the concept of social partnership has disappeared from the UK, continental Europeans still believe in it. Unions are still strong in France, for example - so strong that they succeeded in sparking a government crisis in Paris before Christmas.

Jordan says the rest of the EU should learn from the German approach, insisting: "If Europe is to get through this incredibly difficult period, it needs to adopt the German model on a continental scale."

Austria: Coalition Talks on Neutrality Issue Fail
AU1602105996 Vienna DIE PRESSE in German
16 Feb 96 p 1

[Report by "red": "Neutrality Question Blocks Coalition"]

[FBIS Translated Text] On Thursday afternoon, the negotiations between the coalition parties suffered a major setback. A meeting of the working group responsible for resolving questions of neutrality and joint European security failed to produce any results whatsoever. Above all, the Social Democratic Party [SPOe] politicians Hans Fischer Brigitte Ederer attempted to block any attempt to relax neutrality. Apart from these two, the list of participants in the meeting also included Franz Vranitzky, Wolfgang Schuessel, Andreas Khol, Werner Fasslabend, and Benita Ferrero-Waldner.

Although Vienna is to adopt a stance on joint European security at the EU government conference in March,

no progress in this direction has been noted. In fact, Thursday's talks were the first objective talks between the SPOe and OeVP [Austrian People's party] on neutrality in many years. The OeVP pledged to the SPOe that neutrality would not be abolished overnight and that, with a "differentiated neutrality," the only exception to neutrality would be joint European security.

On the other hand, consensus was reached on foreign policy responsibilities. Here, everything should remain the same. Although the status quo has always led to differences of opinion, better processes of settling these differences were agreed upon. The SPOe's wish to reintroduce the state secretariat for European issues remained unresolved. This question is to be resolved later.

In the meantime, however, the big round of talks must try to settle the question of neutrality.

Belgium Wants Link Between Euro and Other Currencies

BR1602082196 Antwerp DE
FINANCIEEL-ECONOMISCHE TIJD in Dutch
15 Feb 96 p 6

[Report signed "PL": "Maystadt Wants New Exchange Rate Mechanism This Year — Plans for Flexible Relations Between Euro and Other EU Currencies"]

[FBIS Translated Text] Brussels — Belgian Finance Minister Philippe Maystadt wants an agreement to be reached this year on an exchange rate mechanism which would create a link between the future European single currency, the euro, and the other EU currencies. It is reported that fairly flexible relations between the euro and these currencies are being considered.

At the start of this month Maystadt called for a new exchange rate mechanism, through which the currencies of the EU member states which do not accept the euro straight away would be linked to this single currency. He proposed a new European currency system, which would be based on a parity grid between the euro and the other currencies.

This new EMS (European Monetary System) should take effect on 1 January 1999. That day the European monetary union should start. In a speech on Wednesday [14 February] in the Europe House [Europahuis] in Brussels Maystadt said that it would be ideal if a framework agreement was established on this new EMS before the designation of the member states which are to take part in the single currency in 1999. This designation will take place at the start of 1998.

Therefore Maystadt wants the heads of government to reach an agreement to this end on 7 December at the European council in Dublin. After the setting-up of the European central bank this agreement would be supplemented with a cooperation agreement between the central banks. If such an agreement is reached before the end of this year, then according to Maystadt this would considerably promote cohesion in the EU. In addition this agreement would contain a clear message for the financial markets about the determination to maintain the stability of exchange rates in Europe and to expand monetary union to all EU member states as quickly as possible.

Several Margins

The future relations between the euro and other EU currencies has been examined in the EU's monetary committee for some time already. Although the discussions of this committee take place in the greatest secrecy, people are increasingly heard to talk about a rather flexible system.

The EU currencies which did not immediately take part in monetary union would be allowed to fluctuate within a margin of 15 percent above and below the euro. This is the fluctuation band of the current EMS. The 15-percent margin was introduced in 1993. Previously the margin was 2.25 percent. But countries which increasingly meet the convergence criteria would be allocated "confidential" smaller margins. For example, countries which make considerable progress toward meeting these criteria would get a margin of 7 percent, for example. Those which approach the criteria closely would be still allowed to fluctuate only 2.25 percent with regard to the euro.

A European Commission spokesman would not confirm this scenario to DE FINANCIEEL-ECONOMISCHE TIJD. He said that all kinds of formulas are being examined. In addition the problem will be discussed for the first time at a ministerial level at the informal meeting of the EU finance ministers on 12 April in Verona. Nevertheless the spokesman recognized that this scenario would not be illogical. In the present EMS too there were different fluctuation bands before 1993. In addition to the normal margins of 2.25 percent, the Italian lire was allowed to fluctuate within a band of 6 percent.

Hans Tietmeyer, president of the German Bundesbank, called for a flexible approach in Frankfurt on Tuesday. He regards this flexibility as necessary in order to not endanger the policy of stability of the European central bank. Therefore this bank, Tietmeyer said, should be given the right to refuse interventions on the exchange markets. In contrast Spanish Finance Minister Pedro Solbes wants the European central bank to intervene on behalf of EU currencies which remain outside the monetary union.

UK: Scott Report on MI6's Iraq Supergun Investigation

MS1602093896 London *THE TIMES in English*
16 Feb 96 p 2

[Report by Carol Midgley: 'MI6 Failed To Relay Information on Supergun Project']

[FBIS Transcribed Text] The Secret Intelligence Service, MI6, failed to pass on information that large metal tubes produced by a Midlands manufacturer were probably intended for use in the Iraqi supergun project, the Scott report says.

MI6 knew as early as June 1988 that the tubes, made by Walter Somers, might be used as artillery gun barrels. In what Sir Richard Scott described as a "serious omission", this intelligence was not relayed to the Restricted Enforcement Unit — a committee made up of representatives from Customs and Excise, intelligence agencies, and Whitehall departments to monitor the guidelines on arms exports.

He concluded that MI6's investigation into the Iraqi supergun project was "inadequate" and its report "misleading". Sir Richard emphasised that if the Walter Somers information had been properly communicated, the involvement of British companies in the supergun project would have been known by November 1989, at the latest.

But he said there was evidence to suggest that government officials suspected an "Iraqi long-range artillery project with unusual features" might be under way before 1989 anyway. The report said: "In the event, there is clear evidence that, some time before October 1989, government officials had had information which raised suspicion that Walter Somers's tubes were intended for use as artillery gun barrels."

"Parliament could, and should, have been told this, the Trade and Industry Select Committee could, and should have been told this," Sir Richard accused the Government of misleading Parliament and failing to discharge its obligations of accountability to Parliament.

Nicholas Ridley, at the time Trade and Industry Secretary, announced the seizure of gun parts at Teesport in Cleveland to the Commons on April 18, 1990, claiming that the Government had "recently" discovered the Iraqi supergun project. Sir Richard said this was a far more elastic use of the word "recently" than was warranted by the facts.

In fact, "recently" had replaced "last year" during a meeting on the fourth draft of Mr Ridley's speech just hours before he stood up in the Commons. The change in the text is consistent with an attempt to avoid

criticism of the Government for not having acted sooner than it did," the report said. "It is in my opinion clear that the word 'recently' was deliberately chosen and that its use was apt to be misleading."

Sir Richard said the inquiry had "disclosed a failure on a number of occasions for proper use to be made of available intelligence." Within the Defence Intelligence Staff, the report said, there was a failure to ensure that relevant intelligence received was brought to the attention of the Defence Sales desk. Within the Foreign and Commonwealth Office and the Department of Trade export licensing unit there were periods when the relevant official was unable to read intelligence reports because he had not yet received the requisite security clearance. This, too, is a state of affairs that should not be allowed to continue.

Sir Richard identified three intelligence reports dated January 12, September 5, and October 6, 1989 — which did not reach the Defence Sales desk because of failures in the distribution system. The report referred to a problem with submissions to ministers by the Middle East department of the Foreign Office regarding "opinions on intelligence matters said to be held by the Secret Intelligence Service."

It went on to list eight examples, including deliberate non-disclosure of the existence of the Howe guidelines on defence sales to Iran and Iraq, and answers to MPs' [Members of Parliament] questions that represented "a deliberate concealment from Parliament."

Sir Richard said a failure to meet the obligations of ministerial accountability by providing information about the activities of departments undermined the democratic process. The report urged a comprehensive review by Parliament and the Government of the practice whereby information about arms and defence-related exports need not be given by ministers.

UK: Article Summarizes Scott Report, Reaction

LD1502210496 London *PRESS ASSOCIATION in English* 2006 GMT 15 Feb 96

[FBIS Transcribed Text] John Major tonight defiantly resisted pressure for government sackings as the long-awaited Scott Report delivered a damning verdict on the behaviour of ministers involved in the arms-to-Iraq affair.

In a day of high drama at Westminster, ministers were found guilty of a "deliberate" attempt to mislead Parliament by failing to reveal a secret shift in policy on arms exports.

And they came under fire for the use of controversial Public Interest Immunity certificates — so-called gag-

ging orders — in the trial of three businessmen accused of breaking the arms embargo.

In its most damning finding, the report concludes that the government "failed to inform Parliament" of a decision to ease restrictions on arms sales to Saddam Hussein's Iraq.

That failure was "deliberate" and was "an inevitable result" of an agreement by three junior ministers, including William Waldegrave, that no publicity should be given to the decision for fear of public opposition to the move.

"Parliament and the public were designedly led to believe that a stricter policy towards non-lethal defence exports and dual-use exports to Iraq was being applied than was in fact the case," Sir Richard Scott said.

But at the end of an exhaustive three-year inquiry Sir Richard concluded that there was no official cover-up and no conspiracy.

Aides to the prime minister immediately made it clear he was standing by the two men at the centre of the affair — Treasury Chief Secretary William Waldegrave and Attorney General Sir Nicholas Lyell.

One senior official said: "There is no question about any change to the Prime Minister's team."

Trade President Ian Lang underlined government anger with a scathing attack on "cheap and nasty smear campaign" mounted by Labour over the inquiry period.

He insisted during furious Commons exchanges that the personal integrity of the two ministers was not questioned in the 1,800-page report and that both were absolved of blame.

"The overall picture which emerges is that while mistakes were made, ministers and officials acted honestly and in good faith," he said.

"There was no conspiracy. There was no cover-up. Such charges were reckless and malicious and should never have been made."

But shadow foreign secretary Robin Cook accused Mr. Lang of a whitewash during angry exchanges following a Commons statement on the report.

"You have just made a statement in which you lay blame on the Opposition, blame on the official advice, blame on the system, but accept no blame for ministers ... the public outside will not find that a credible response to such a serious report," he said.

He challenged the government to "dismiss those ministers who, in the opinion of Sir Richard Scott, failed to

discharge the obligation of ministerial responsibility in this House."

The report, released in a complex security operation that at times bordered on farce, cleared the government of any intention of sending innocent men to jail by blocking the release of crucial documents in the Matrix Churchill arms-to-Iraq trial.

But Sir Nicholas Lyell was criticised for issuing advice to ministers based on a "fundamental misapprehension" of the law informing them it was their duty to sign PII certificates.

The report found he was personally at fault for failing to tell prosecutors at the trial of the severe misgivings expressed by Michael Heseltine, then President of the Board of Trade, to put his name to a certificate.

It said a decision by three junior ministers at the Foreign Office in 1988 — including Mr. Waldegrave — stopped details of a relaxation of guidelines being disclosed to MPs to prevent a public outcry.

Sir Richard dismissed Mr. Waldegrave's claim that he was simply reinterpreting existing advice but said none of the ministers acted with "duplicitous intent in shaping guidelines."

He concluded that no British arms reached either Iraq or Iran during the bloody conflict between the two countries in the 1980s.

The report also found, however, that there were serious shortcomings in intelligence in relation to the Supergun affair in which Customs prevented the export in 1990 of metal tubes to be used by Iraqi dictator Saddam Hussein to build a massive artillery piece.

The findings were not as damning as ministers feared but the ferocity of the defence mounted by the government demonstrated its determination to ride the storm as full details of the massive report are unveiled in the next few days.

In the Commons, Mr. Lang accepted that the report concluded that government policy towards the export of "non-lethal military goods" changed after the 1988 ceasefire in the Iran-Iraq war in a way that should have been reported to the Commons.

But he turned his fire on Labour and demanded resignations or apologies from Mr. Cook and other senior figures for their charges against ministers.

"For three years several ministers had to endure repeated abuse and attacks upon their honour and integrity of the most offensive and unpleasant nature over their signing of the PII certificates. They now stand wholly vindicated by the report," he said.

But Mr. Cook demanded: "Are you really going to ask the House to accept a report that over five volumes demonstrates how this government misjudged Saddam Hussein, misled MPs and misdirected the prosecution, and then tell us that none of them is going to accept responsibility for getting it wrong?"

The two ministers at the centre of the row were swift to proclaim their innocence as the government — with the benefit of eight days to consider the findings compared with the three hours extended to Mr. Cook — mounted a well-planned damage limitation exercise.

Sir Nicholas said in a statement: "The Scott Inquiry has today made it clear in its report that accusations that ministers signed PII certificates in order to 'suppress' information and were prepared to see innocent men sent to prison are completely false and without foundation."

"My advice to ministers on PII was fully in accordance with the law as it then stood."

"Mr. Heseltine's PII certificate was specially redrafted to emphasise that the final decision on whether documents should be disclosed was for the court."

"Although prosecuting counsel's instructions did not include my correspondence with Mr. Heseltine, the system operated exactly as it was intended to do. Every document was shown to the judge."

Mr. Waldegrave remained at loggerheads with the report findings over whether MPs were deliberately misled.

He insisted: "Sir Richard Scott clears me of lying to Parliament or intending to mislead anyone in letters I signed."

"He also proves beyond doubt that I did not connive in allowing machine tools for arms manufacture to go to Iraq: he says I would have stopped them going if certain intelligence reports had reached me."

"I am grateful to Sir Richard for listening carefully to what I said to him, above all for accepting my good faith."

But as the dust settled at Westminster it was clear that the Opposition was not going to let the matter rest.

Mr. Cook was planning to renew his assault at a news conference in London tomorrow as Mr. Major and Labour leader Tony Blair prepared to enter the fray.

UK: Major Comments on Scott Inquiry Report

LD1992130596 London PRESS ASSOCIATION
in English 1226 GMT 16 Feb 96

(By James Hardy, Gavin Cordon and Paul Edwards)

(FBI Transcribed Text) John Major today insisted the Scott Inquiry into the arms-to-Iraq affair had "comprehensively dismissed" damaging allegations against senior ministers.

But he ordered an extensive shake-up of rules governing arms exports and a thorough investigation of ministerial procedures to meet criticisms in the 1,800-page report.

The move came as the bitter political row over the affair erupted with a new violence amid angry calls for ministerial resignations.

The Prime Minister gave public backing to William Waldegrave and Sir Nicholas Lyell — the ministers singled out for stiffest criticism — as Labour and the Liberal Democrats united to call for their heads.

Opposition foreign affairs spokesman Robin Cook and Menzies Campbell said the growing "parliamentary crisis" could only be cleared by ministerial resignations.

They claimed both Mr. Waldegrave, Chief Secretary to the Treasury, and Sir Nicholas, Attorney General, were rendered "unfit for office" by the conclusions of the 1,800-page report.

The Prime Minister refused to budge in the face of growing pressure as ministers closed ranks behind their beleaguered colleagues.

But he admitted the Scott report — three years in the making — had identified a series of problem areas and pledged swift Government action.

Areas under scrutiny are understood to include:

- Curbing the freedom of Customs and Excise to bring prosecutions
- Tightening the powers of the Attorney General
- A new look at arms exports rules and regulations
- Changes to parliamentary question time sessions
- A review of future inquiries to increase speed of reporting

The report found Sir Nicholas personally at fault for not following up warnings of a potential miscarriage of justice in the trial of three directors of arms firm Matrix Churchill.

And it accused Mr. Waldegrave of deliberately misleading MPs by failing to disclose a secret shift in policy.

governing arms exports to Iraq for fear of sparking a public outcry.

But the Government was swift to claim that the report did into question the personal integrity of either minister.

Mr Major, on a visit to Poole in Dorset, praised the "very thorough, very competent" handling of the inquiry. "I think you need to look at the whole context of the report," he said. "The report was about whether innocent men were going to be sent to jail by conspiracy and whether Saddam Hussein was being armed by the British government.

"These were the charges. These frankly were the smears that Robin Cook and others have run consistently over the last three years.

"They are comprehensively dismissed and I don't think you can overlook the fact that is what the report was about. They have gone. There is no doubt that did not happen.

"It never occurred to me for a second these charges could conceivably be true but it was important the British nation realised they weren't true, now they do."

Mr Major acknowledged there were lessons to be learned from the report which the Government would now address. A key problem, already being addressed, appeared to have been failings in intelligence dissemination across Whitehall.

At Westminster, Mr Cook and Mr Campbell called a rare joint news conference to highlight an issue that they believe goes right to the heart of the constitution.

Mr Cook said: "This is a parliamentary issue. This is a direct challenge to parliament's right to hold ministers accountable.

Mr Waldegrave did not just mislead MPs, he did it 30 or 40 times. If he does not resign from this government, no minister from this government will ever be believed again."

He said the report condemned Sir Nicholas for giving ministers advice "with no legal foundation" to sign Public Interest Immunity certificates - or gagging orders - in the Matrix Churchill trial.

Sir Nicholas was found to be "personally" at fault over the failure to ensure that the trial judge was informed about Michael Heseltine's reluctance to claim PII because he feared a miscarriage of justice.

"This is the most damaging as well as the most authoritative criticism ever made of a government law officer. Sir Nicholas Lyell cannot remain in office," Mr Cook said.

Mr Campbell, Liberal Democrat foreign affairs spokesman, said that public opinion demanded ministerial heads for the failures of government revealed by the report.

"They are wholly opposed to any notion of a whitewash or a cover-up," he said.

Mr Waldegrave was one of the ministers responsible for a decision which had led to parliament being deliberately misled and the principle of ministerial accountability being "systematically ignored."

"Careful reading of the report makes it clear that Mr Waldegrave is the subject of detailed and damning criticism. It is not possible to think of any other sphere of activity in which an individual could be so criticised and still retain his job," he said.

Referring to Sir Nicholas, he added: "The position of the Government's principal law officer is so damaged that he can no longer claim to enjoy public confidence.

UK: Ashdown Views Scott Report, Blames Political System

MS1602091496 London INDEPENDENT in English
16 Feb 96 p 19

[Article by Liberal Democratic Party Leader Paddy Ashdown: "Guilty on Every Possible Count"]

[FBIS Transcribed Text] For the past three years, the Scott report has been the Mount Vesuvius of British politics, towering in the background, quiet at times, rumbling at others, waiting to explode. Yesterday, it erupted.

Now, beneath a thick swirling cloud of dust put up as a smokescreen, the hot political rocks are flying and streams of boiling lava are pouring out.

In November 1992, three Coventry businessmen stood in the dock of the Old Bailey, on the brink of prison. They stood accused of illegally exporting arms-making equipment to Iran.

As argument raged about whether government policy had secretly changed, government ministers signed murky-sounding Public Interest Immunity (PII) Certificates, which would have had the effect of denying these men, one of whom worked for British intelligence, a fair trial. The judge refused to comply. The Matrix Churchill trial collapsed in chaos and, amid accusations of government duplicity and collusion in illegal arms dealing, the Scott inquiry was born.

Like the Nolan Commission, the Scott inquiry was a typically Majorish attempt to play for time. But ducking problems only turns explosive issues into time bombs.

— and this one has now blown up right at the heart of John Major's government.

Scott has pulled aside the Whitehall curtain which normally hides the workings of our government. And what we see is not a pretty sight. Our system of government is bad and this particular government is rotten to the core.

The report is about detail. Did government policy change in secret? Were ministers right to use Public Interest Immunity Certificates? A thousand other questions arise.

But the sum of its parts is about secrecy, the abuse of power and the deceit that lies at the heart of our politics. It is about a civil service with a proud independent tradition becoming politicised and abused as never before. It is about the representatives of the British people in Parliament being misled and treated with contempt by ministers. It is about a government so powerful and arrogant that it thought it could avoid telling Parliament, and a Parliament so weak it couldn't do anything about it.

It is about a British government conniving in the export of machinery which made weapons that were used against British troops on the battlefield. It is about Britain in effect helping to arm the world's most brutal dictator. Within weeks of Saddam Husayn's use of poison gas against the innocent Kurds at Halabja in March 1988, the British government extended export credit guarantees for weapons-making manufactures — and went on doing so for at least two years after that.

If the Government has been in the dock, the verdict of Scott is guilty — guilty of abuse of power, guilty of misleading Parliament, guilty of deep duplicity.

Blame lies with individuals. Those who bear personal responsibility will have to defend their actions and, if necessary, go. I cannot see how Sir Nicholas Lyell and William Waldegrave can, with honour, survive as ministers given the clear and powerful condemnations of their actions contained in the Scott report.

Blame lies with the Prime Minister. The buck stops with him — especially for the way this has been handled since the report was published. But John Major was also Chancellor, then Foreign Secretary, then Prime Minister and head of the Security Services during this period. Yet he says he knew nothing of what was going on. Well, if he is innocent of complicity, then he must be guilty of incompetence.

Blame lies with our political system. Decisions are taken in secret, not to protect the country's interest but to protect ministers from scrutiny. Parliament does not

hold government to account effectively. That is why reform is so vital. We need a Freedom of Information Act to open up government, parliamentary reform to give MPs more power to scrutinise government and a new culture of openness and accountability.

And finally, blame lies with the whole murky international system of selling arms.

The sale of arms and of "dual use" goods and technologies to countries in gross breach of international law and with appalling human rights records must be stopped. This is already the case in Germany, where companies are barred by law from selling arms to areas of tension.

Instead of tying overseas aid to arms deals we should consider the withdrawal of development aid from states importing arms other than for defensive purposes, or attempting to export arms themselves.

We should be skewing aid to countries which spend less on weapons, adopt democratic practices and observe international codes of human rights.

We should be making all international sales of arms public by opening the UN's Register of Conventional Armaments, established in January 1992, and ensure this includes arms sales, military holdings and procurement.

Forget for a moment, the fate of individuals and the fortunes of this discredited government. If the Scott volcano does nothing else but force a reform of our system of government and focus attention on the shady world of international arms deals leading to tougher rules and greater openness at home and abroad, then Lord Justice Scott's work will have been a powerful shock to established thinking on the eve of the new century.

UK: Adams Warns Major Against 'Stalling' Negotiations

LD1502195696 London PRESS ASSOCIATION
in English 1939 GMT 15 Feb 96

[By Ian Graham]

[FBIS Transcribed Text] Sinn Fein President Gerry Adams warned the British and Irish Prime Ministers tonight of the dangers of pressing ahead with elections in Northern Ireland. He said for Dublin to fall in line with London on the plan "would not augur well for the period ahead."

Speaking in west Belfast, he claimed the Government intended to exclude Sinn Fein from both the elections and the all-party talks.

Such bare-faced disenfranchising of our electorate, of whole nationalist communities, would be a recipe for

disaster. The alienation and disaffection with electoralism which would result is unthinkable".

He revealed that earlier today he sent a letter to John Major underlining his party's commitment to rebuilding the peace process and urging him to fulfill his responsibilities of leadership and commence negotiations. He said he was prepared to speak to the IRA about restarting the ceasefire but said there was no point in underestimating the difficulties.

"Getting the IRA to recommence a cessation is only possible, in my opinion, in the context of rebuilding the wider peace process".

In a speech which made no reference to the latest bomb in London and which largely echoed comments from the IRA leadership earlier in the day, Mr Adams continued to blame John Major for the break-down in the IRA ceasefire.

He said the Government had used one stalling device and precondition after another in a very high-risk strategy to stall and string out the peace process, stretching it like a piece of elastic and claimed it was because it was frightened of negotiations.

The election proposal was clearly "another stalling device, designed to push back all-party talks", he said.

He said the absence of negotiations led to the break-down. The commencement of negotiations, therefore provided the way forward.

And he said any new process would need "copperfastened and unambiguous public assurances that all party talks will be initiated by both governments at the earliest possible date".

Mr Adams hit out at Irish Premier John Bruton for cutting off political contacts with Sinn Fein until he went to the IRA and got them to re-start the ceasefire.

"He has not told me how I should proceed to do this, or what will happen if I fail," he said.

UK: McLaughlin Talks About IRA, Bomb, Cease-Fire

LD1602105896 London BBC Television Network in English 2230 GMT 15 Feb 96

[Interview with Mitchell McLaughlin, Sinn Fein national spokesman, in Londonderry, by Jeremy Paxman, in London; from the "Newsnight" program — live]

[FBIS Transcribed Text] [Paxman] A simple question, Mr. McLaughlin, did you have advance knowledge of this bomb today?

[McLaughlin] Absolutely not.

[Paxman] Now, do you now understand from the fact that this bomb was placed, that the cease-fire is completely over?

[McLaughlin] Well, I think we have to take the IRA statement at face value. I would hope that the very dangerous complacency that we have had for so many months now has been totally swept away and that people are tightly focused on the need to save the peace process.

[Paxman] Now, Gerry Adams said tonight that the IRA would only declare a new cease-fire in the context of rebuilding a wider peace process. Could you explain to us how bombs in London contribute to that?

[McLaughlin] No, and I do not think that is my function. I think the duty of politicians, like myself, and others, is in fact to come up with a creditable, political project, an unarmed strategy that will actually address those issues.

Now, today's events in the British Houses of Parliament shows the difficulty of dealing with people who are duplicitous, who are dishonest, and who break promises. And people should not be surprised that the peace process, which Sinn Fein have been warning for so long, was not difficult; it should have collapsed as a result.

[Paxman] Right. The IRA also...statement, today, also said: The IRA is not Sinn Fein; Sinn Fein is not the IRA. Why should we talk to Sinn Fein?

[McLaughlin] Quite simply because we are elected to represent tens of thousands of people. The people who voted for Sinn Fein — the morning of any of the elections, going back to October of 1982, those people were standing with a single vote in their hand, and they could have voted for any party. But of course their intentions and the purpose of them voting for Sinn Fein has been questioned; had they voted for any other party the validity of their vote would not [have been questioned]. And that has been the crucial mistake made by, I think, by many of the media also. People should be talking to elected representatives, and if some of those elected representatives were Sinn Fein, they should be talked to also. And it is only when we all talk together that we will actually bring about a situation of a permanent end to political violence.

Ireland: Sinn Fein Leader to Meet With Irish Officials

LD1602100696 London PRESS ASSOCIATION
in English 0916 GMT 16 Feb 96

[By PA News correspondent Chris Parkin]

(FBIS Transcribed Text) Irish government officials will today "give vent to their anger" over the ending of the IRA (Irish Republican Army) ceasefire when they hold talks with Sinn Fein leader Gerry Adams. Deputy Prime Minister Dick Spring welcomed an opinion poll's big cross-Ulster border rejection of terrorism as "a very solemn 'No' to violence". "The people of this country want peace, and as far as I am concerned, they are entitled to peace, and that is what the British and Irish governments have to deliver," he said. "We have to succeed. We have to respond to the wishes of the people, as expressed in an opinion poll today."

Foreign Minister Mr Spring, speaking before the hush-hush meeting between officials from his department and Sinn Fein bosses, said the government would be "giving vent to its anger in relation to the breakdown of the IRA ceasefire."

He added: "We will also be telling them what the government are trying to do to get the ceasefire reinstated and to work with the British government and the Northern Ireland political parties."

The talks are were restricted to senior civil servants following Prime Minister John Bruton's repeated insistence that there will be no meetings between Sinn Fein and ministers until the ceasefire is reinstated.

In a reference to a speech made by Mr Adams in Belfast last night, Mr Spring added: "The officials will be conveying the views of the Taoiseach (prime minister) (Mr Bruton) and myself and other members of the government about what happened last weekend — and in relation to comments that have been made since then."

He stressed that some form of elections in Northern Ireland, as a path to securing inclusive negotiations on the future of the province, remained a possibility. "If it transpires that the only route to all-party talks is through an elective process, then we should not rule that out. We must look at all the options. What we are trying to do now is have the ceasefire reinstated, develop the proposal for proximity talks, to see how an election would fit in to the whole process and look at SDLP (Social Democratic and Labour Party) leader John Hume's plan for referendums north and south, and whatever role the United States has to play."

Inter-government discussions on the peace process were expected to go on throughout the weekend, Mr Spring added.

— Schools, factories and other workplaces across Ireland were halting all activities for a minute early this afternoon to demonstrate their backing for a return to peace.

Meanwhile, Sinn Fein's national chairman Mitchel McLaughlin said the start of all-party dialogue was now the only way forward towards political progress. He told BBC Radio Ulster: "If we have a new process which I think will require the parties to find each other again, it must contain guarantees and unambiguous public assurances from both governments that this time the all party talks will be brought forward, a date will be established and they will proceed with urgency."

Even though the British and Irish governments have ended ministerial contact with the party following the Docklands bombing, Mr McLaughlin said he believe it could be re-established again. He added: "I remain confident the integrity of Sinn Fein's electoral mandate will be recognised eventually, and on that basis we will reassemble the range of political forces that brought about the ceasefire in the first place. We did it once, and we'll do it again."

Germany: Waigel Presents Plan To Reduce Federal Agencies

AU0902091396 Munich SUEDEUTSCHE ZEITUNG in German 8 Feb 96 p 2

[Report by "mes" - "Waigel Wants To Save DM1 Billion a Year"]

[FBIS Translated Text] Bonn — The government wants to cut staffing levels in the ministries and other federal agencies by 5 percent by the year 2000. The number of federal employees should then fall to just over 300,000, a figure that is close to the staffing levels before the reunification of Germany. Speaking in Bonn yesterday after an appropriate decision had been made by the cabinet, Finance Minister Theo Waigel, CSU [Christian Social Union], said that the measures were aimed at providing annual savings of about 1 billion German marks [DM] a year for the federal budget.

In addition to the personnel savings, the decision on reducing and streamlining federal agencies, which was adopted by the cabinet unanimously, also envisages the abolition or merger of numerous higher federal agencies. A total of 30 measures are planned, providing for reductions in the Federal Property Administration, the Customs Service, and the Shipping and Waterways Administration, and the Bundeswehr Administration. The federal secret services — the Federal German Intelligence Service (BND) and the Federal Office for the Protection of Constitution (BfV) — will also have to cut a considerable number of posts.

There were about 300,000 federal employees in the year before reunification. Following unification, the number rose to about 380,000. It should fall to 325,000 by the end of 1996. Waigel gave a target figure of 308,500 for the year 2000. Then, about 18,500 will be employed by the ministries and about 290,000 by other federal agencies.

Adolf Roth, the CDU [Christian Democratic Union] CSU Bundestag Group budget policy spokesman, called for an even more ambitious goal. Commenting on the cabinet decision, he said that a figure of 300,000 should already be attainable in 1996. The plans were essentially welcomed by the coalition parties, with both the CSU and the FDP [Free Democratic Party] claiming the credit. Eduard Oswald, parliamentary executive manager of the CSU Land Group, pointed out that the concept had been worked out under Waigel's supervision. FDP General Secretary Guido Westerwelle said that the idea had been put forward by Foreign Minister Klaus Kinkel and that he personally had conducted negotiations on the plan within the coalition.

The finance minister estimates that savings of about DM1 billion will be attainable in five years time, with lower personnel costs contributing three-quarters of that sum. In organizational terms, the structural changes will largely take effect with the transfer of the government from Bonn to Berlin. Waigel appealed to the laender, municipalities, and social insurance agencies to undertake steps proceeding in the same direction. They too must make a contribution to increasing the efficiency of public administration, he said.

Germany: Institute Criticizes EU Anti-Dumping Policy

AU16021100096 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 15 Feb 96 p 13

[Report by "ke" - DIW Criticizes EU's Anti-Dumping Policy]

[FBIS Translated Text] Berlin, 14 February — The German Economic Research Institute (DIW) accuses the European Commission of building new obstacles for free world trade by means of purposeful anti-dumping measures, in particular against the countries in southern and southeast Asia. Since import restrictions in terms of quantity are generally banned by GATT and agreements on voluntary export restrictions are to be punished more strictly by the Geneva World Trade Organization (WTO) in the future, the anti-dumping measures have become first-class instruments of protectionism. In the view of the Berlin institute, the European Commission uses the anti-dumping policy not only to act against unfair trade practices. More and more frequently there is a specific attempt to make unwanted imports more expensive and prevent them.

According to the DIW study, between 1990 and 1995 the EU initiated more than 200 anti-dumping procedures, which affected 44 countries. The anti-dumping duties imposed by the Brussels Commission in these procedures were often higher than 50 percent, in some cases top values of more than 100 percent were found. The institute points out that television camera systems and certain electronic micro-switches from Japan have been burdened with anti-dumping duties of more than 90 percent. Often anti-dumping procedures end when exporters commit themselves to stick to minimum prices, the experts add.

Often the Commission sets down anti-dumping duties after the fact if it thinks that price commitments are not observed. In 1994 alone imports worth 9 billion ECU's (European Currency Units) were affected by anti-dumping measures in the EU. In the view of the DIW, the artificially higher prices for imports are not only

a disadvantage for the consumers but also hamper the competitiveness of the processing industry.

In its assessment of the current economic situation in Germany, the DIW expects the GDP to decline by 0.5 percent during the first quarter of this year compared with the first quarter of last year and by 1 percent compared with the last quarter of 1995 — in particular because of the lower investments for equipment and orders received in connection with production losses due to the weather.

In the view of the Berlin economic researchers, the situation in eastern Germany will be additionally strained by a further increase in unit labor costs. The 1.5-percent increase in the average employee's income in Germany has further opened the gap between eastern and western Germany regarding unit labor costs. East German unit labor costs are 70 percent higher than those in western Germany.

France: De Charette Urges Pressure on Bosnia Leaders

BR1602091696 Paris AFP in French
1801 GMT 15 Feb 96

[FBIS Translated Excerpt] Paris, 15 Feb (AFP) — In Rome on Saturday (17 February), the West will urge the Bosnians, the Croats, and the Serbs to reaffirm their commitment to peace in Bosnia.

"We will reaffirm the accords reached by the parties involved and signed in Paris on 14 December," U.S. negotiator Richard Holbrooke told the press.

Mr. Holbrooke held talks on Thursday (15 February) with French Foreign Minister Herve de Charette to prepare the meeting of the enlarged Contact Group on Saturday and Sunday in Rome.

The French minister stressed that the Rome meeting will be an opportunity to "solemnly remind the three parties involved of their commitments." It is essential that "we should go on putting pressure on them," he said.

Moreover, Mr. de Charette told his interlocutor that France was concerned "about the future of the Croatian-Bosnian Federation," given the difficulties that the two communities have been facing in the reconciliation process. He also stressed that the "task of the reconstruction of Bosnia should be evenly shared between the United States, Europe, and the rest of the world." (passage omitted)

France: Six Economic Agreements Signed With Russia

LD1602121596 Paris LCI Television in French
1100 GMT 16 Feb 96

[FBIS Translated Excerpt] French Prime Minister Alain Juppe is continuing his visit to Russia. (passage omitted) Laure Bezeau reports:

[Bezeau] The prime minister's ambition is to maintain economic ties with Russia at the same level as their diplomatic relations. At the first conference of the French-Russian commission, Alain Juppe announced the allocation of four billion francs in order to encourage unadventurous French companies to take better advantage of the Russian market: a loan of one and half billion francs at a low interest rate will be allocated to French investment projects in the unprofitable Russian industrial sector; and a loan of two and a half billion francs in order to improve the funding of Russian imports of French goods according to a complex financial arrangement.

The bank loans, guaranteed by COFACE [Compagnie Francaise d'Assurances pour le Commerce Extérieur]

will be underwritten by the revenue from oil exports deposited on a blocked account.

Another important step forward in the economic sphere was the signing of three intergovernmental agreements on the environment, computer technology, and energy.

Finally, a brief visit by the French delegation to the capital of Tatarstan will allow several agreements on technological and industrial cooperation to be concluded.

France: Paris, Bonn To Review Joint Weapons Programs

BR1602144196 Paris LA TRIBUNE DES FOSSES
in French 16 Feb 96 p 14

[Report by Olivier Provost: "Weapons Programs — Paris and Bonn Reexamine Cooperation Agreements"]

[FBIS Translated Text] France and Germany have recently decided to reexamine their many joint weapons programs, which cover missiles, armored vehicles, helicopters, etc. This was revealed yesterday by Henri Conze, general delegate for weapons at the Defense Ministry, on the occasion of the demonstration flight of the French-German NH90 helicopter, which will be one of the main projects affected. France is faced with an imminent dramatic cut in defense credits, with 50,000 to 75,000 jobs being cut essentially in the weapons industry at a cost of around 30 billion French francs (Fr) for "zero lay-offs," not to mention the cost of "professionalizing" the Armed Forces (Fr15 to 20 billion) and the recapitalization of state defense companies (Fr35 billion). This is why there is an urgent need to downwardly revise these programs.

Strategic Priorities Maintained

Bonn, which is faced with serious economic difficulties of its own, is also in favor of this approach. However, neither France nor Germany want to abandon their strategic priorities. Thus, Paris obtained the cooperation of its German partner in future military satellites while Bonn in return asked France not to abandon joint military programs for the Tigre (combat) and especially the NH90 (transport) helicopters. Or at least, this is what is rumored at Eurocopter, the French-German manufacturer owned jointly, 70:30, by Aerospatiale and Daimler-Benz Aerospace respectively, a rumor fueled by certain comments made in private by German Defense Minister Volker Ruehe. For his part, Henri Conze claims that no such "deal" has been done. However, French Defense Minister Charles Millon recently stated forcefully and publicly that in the name of international agreements there was no question of jeopardizing joint weapons programs, and especially not the helicopter program.

Where the NH90 is concerned, the weapons directors and defense ministers of the four countries involved (France, Germany, Italy, and the Netherlands) met yesterday for a progress report just before the prototype was officially presented to them and flew for the first time. All the national representatives agreed that the cost of the program needs to be further reduced from the current level of Fr80 billion for 726 helicopters (272 for Germany, 220 for France, 214 for Italy, and 20 for the Netherlands), Fr10 billion of which is taken up in development costs. The cost of the NH90 has already been cut once from Fr115 million to Fr90 million per aircraft and will have to come down again nearer to the price of its predecessor, the Cougar Super-Puma which has a unit price of Fr70 to 75 million.

Henri Conze has asked for further simplifications, more streamlined production structures, and also wondered whether there should be separate assembly lines in France, Germany, and Italy. One would be enough and this would make it possible to save hundreds of millions of francs. The representatives agreed to meet again in May to examine concrete proposals on the eve of the discussion in French Parliament of the new military planning law.

France: Effect of Army Reform on Relations With Germany

BR1502141196 Paris LE MONDE in French
15 Feb 96 p 6

[Article by Daniel Vernet: "French Plans Affect Cooperation With Germany"]

[FBIS Translated Text] The proposals by the Army staff to professionalize the Army and cut personnel have not yet led to any official reactions from Germany. Yet they do affect relations between France and that privileged partner in two ways. They lead to questions about the future of military service on both sides of the Rhine and they could directly affect the Eurocorps, the European army corps created by France and Germany which also has Belgium, Spain, and Luxembourg as members.

The striking thing in the ideas circulating in France — which, of course, are still in the planning stage — is their inconsistency with the avowed intention to deepen French-German cooperation. So it is paradoxical to make plans for having conscripts serve in the army of another country (proposal made at the Chirac-Kohl summit in Baden-Baden) at a time when preparations are being made to reform or even scrap military service. The impact on the Eurocorps is more significant, and any questioning of that unit — which has only been operational since last fall — would be taken very seriously by the Germans. Certainly this is not the

first time that Paris has called for troops stationed in Germany to be withdrawn. Learning the lessons of reunification, Francois Mitterrand announced this measure back in 1990, to the great dismay of German officials, before withdrawing the idea.

In light of the "restructuring" of the Army, scrapping regiments of the 1st Armored Division, which is the main part of France's contribution to Eurocorps, can be justified. This would mean scrapping 20 regiments in one go, with no regional or electoral impact since they are stationed in Germany. Furthermore, these regiments are better suited to battles on the plains of Central Europe than to reestablishing peace in a regional conflict, which could well be Eurocorps' main mission.

Lastly, in France they have been thinking for some time now of allowing the Eurocorps to include outside units, such as the Rapid Action Force, precisely so that it will be in a position to respond to these new missions, but this scenario presupposes a considerable boost in the Army staff's resources.

In this case, Francois Heisbourg said at a colloquium organized in Paris on Tuesday 13 February in Paris, the scrapping of the 1st Armored Division in a few years would not pose any problems. "In the meantime it is not worth sacrificing the main part of the Eurocorps on the altar of professionalization." And before any announcement the very least thing would be to warn our partners, if not consult them.

France: Spokesman on Yemen-Eritrea Dispute, Syrian Debt

BR1502135596 (Internet) French Ministry of Foreign Affairs WWW in French 15 Feb 96

[Daily Foreign Ministry press briefing by Deputy Spokesman Yves Doutriaux to unidentified journalists at the Foreign Ministry in Paris on 14 February]

[FBIS Translated Excerpt] (passage omitted)

Yemen/Eritrea

[Journalist] Can you confirm that a Yemen/Eritrea summit will be held in Cairo in a few days?

[Doutriaux] My understanding is that this proposal put forward by Egypt has not been confirmed so far. However, I can confirm to you that Mr. Gutmann is in the region.

[Journalist] Where precisely?

[Doutriaux] He is in Eritrea.

[Journalist] Will he visit other countries apart from Eritrea and Yemen?

[Doutriaux] I know that he is scheduled to visit these countries.

[Journalist] Is this still a fact-finding mission, or is it one of mediation?

[Doutriaux] We have never used the term "mediation." We have always said that this was a fact-finding mission and later we stated that, during this fact-finding mission, Mr. Outmann had had the opportunity to make proposals to the parties regarding a procedure for the peaceful settlement of the dispute. It is not our intention to propose a solution with regard to the substance of the dispute. In addition to our proposing a procedure, we have called on both parties to make a formal commitment not to resort to force.

[Journalist] Are the two countries effectively committed to not resorting to force?

[Doutriaux] You can ask me this question when Mr. Outmann returns.

[Journalist] Is the Cairo meeting part of the French initiative?

[Doutriaux] I cannot answer you as we are unable as yet to confirm this meeting.

[Journalist] Have you had consultations with Egypt on this issue?

[Doutriaux] Of course, there are Franco-Egyptian consultations. This question was brought up when Musa met with de Charette. Mr. Outmann made a stopover in Cairo during his first mission. In Cairo a meeting took place with the Egyptian foreign minister and also with the secretary general of the Arab League. [passage omitted]

France/Syria

[Journalist] Are there new elements with regard to the Syrian debt problem?

[Doutriaux] Some time ago Mr. Gaymard [state secretary for finance] met with a Syrian delegation. I have no further information.

[Journalist] Is progress being made?

[Doutriaux] Talks are continuing.

[Journalist] President al-Assad wants Europe to play a greater role in the Middle East. Do you have comments?

[Doutriaux] This is also what we want and what Europe wants. During his visit to Damascus Mr. de Charette also expressed the wish that Europe have a greater presence in the area. Mr. de Charette suggested that, the parties willing, France could participate in an international guarantee system. He also said this in Beirut in the context of Israeli-Lebanese relations.

[Journalist] Do you think this proposal will be realized?

[Doutriaux] Wait until the parties involved express their opinion.

France: Business Developing Markets With South Africa

BR1502145996 Paris AFP in French
130 GMT 15 Feb 96

[FBIS Translated Excerpt] Paris, 15 Feb (AFP) — Another delegation of French employers will travel to South Africa from 18 to 23 February and try to reconquer lost markets in that country, the most developed in Africa, where foreign investors are flooding in.

Since the political dialogue was restored between Paris and Pretoria in 1991, this is the third trip to South Africa by businessmen organized by the CNPF [National Council of French Employers].

It follows the official visit by Cooperation Minister Jacques Godfrain. The businessmen will meet with South African economic, trade union, and political leaders, including one of the two vice presidents (Frederik de Klerk or Thabo Mbeki). Two dozen companies will be represented, among them GEC Alsthom, Pechiney, Lyonnaise, Generale des Eaux, and Dassault.

The purpose of the visit is not to sign contracts but to reinforce bilateral economic ties, the CNPF indicated [passage omitted]

Norway: Brundtland on Neighbors, EU in Fishing Disputes

BR1402082396 Oslo AFTENPOSTEN in Norwegian
10 Feb 96 p 4

[Report by Ole Nygaard: "Norway's EU 'No' Cause of Fishing Dispute"]

[FBIS Translated Text] The prime minister has stated clearly that Norway's no to the EU is an important reason for the disputes with neighbors over fishing and agriculture.

Gro Harlem Brundtland accused neighboring countries, Sweden among them, of exploiting Norway's position outside the EU to make unreasonable fisheries demands.

It was a very critical prime minister who gave a lecture on Norway's relationship to Europe at the National Federation of Labor school in Sormarka yesterday.

"We can see absolutely clearly what challenges we are facing now that Sweden and Norway are for the first time standing on opposite sides in different trade organizations. We said this before the referendum, and I am saying it again here. Our negotiating partners in customs matters like these are no longer Sweden and Finland but rather the EU Commission, which has 15 countries behind it. This means that negotiations are not exactly balanced," the prime minister said at the conference held by the National Federation of Labor and the Association of University Graduates.

Hit Back

She hit back hard against criticism of the government because of all the fisheries disputes.

"Increasing demand for fish and seafood brings us into conflict with several neighboring countries over access to resources. Countries help themselves and put undue pressure on us to take more than international regulations and accepted practice allow. We might have expected better of some of our neighbors than trying to exploit Norway's position in order to take advantages they neither have a claim on nor a right to."

"And at the very least, we might have expected better of those in our own country who stand on the sidelines and comment on events than that they would start taking potshots at us as well. Here in Norway we know so much about fish and resource management that it would not be possible to forget all this the moment a lot of things get difficult for us all at once," she said. On the subject of environmental cooperation the prime minister said that the EU was willing to listen when we were knocking at the door as a potential member country.

"Now it is more difficult to be heard in discussions about carbon dioxide emissions and climate change, and to get support for stiffer taxation of coal and heavy oils in favor of gas, which is much more environmentally friendly."

Demands Control

"The prime minister and the foreign minister should have stronger control over important political issues in relation to the EU," Conservative Party leader Jan Petersen said in a comment, and he thought that it was not enough to let the Fisheries, Trade, or Agriculture Ministries handle conflicts with our neighbors to do with fishing and agriculture.

Center Party leader Anne Enger Lahnstein said that the prime minister must now stop whining and complaining about the people's no to the EU. She thinks there would have been conflicts with neighboring countries even if Norway were a member of the EU.

Norway: Article Discusses Schengen Negotiations

BR1602112796 Oslo AFTENPOSTEN in Norwegian
15 Feb 96 p 8

[Report by Ole Mathismoen: "Norwegian Breakthrough in Schengen"]

[FBIS Translated Text] Brussels — Skeptical EU member states have given way. Norway will be allowed to take part in all the committees and working groups in Schengen cooperation.

As a result another obstacle to Norwegian participation has been removed. Disagreement continues over voting rules, but the Norwegian negotiators, led by Ambassador Elvinn Berg, are optimistic: "There are reasonably good prospects of our reaching agreement about the rest as well," Berg said.

The negotiators have to find a system whereby Norway is guaranteed decisive influence over new regulations without being able to block whatever the rest of the members want to adopt.

At the moment Norway is trying to get the southern EU countries, such as France and Spain, to accept the fact that it is inconceivable for Norway to block regulations that Sweden, Finland, and Denmark have approved. It is also being pointed out that Norway has 40 years' experience of a passport union and virtually identical regulations for border checks.

The Schengen accord aims to eliminate the automatic checking of people crossing borders.

Refusal First

When Norway opened talks with the Schengen countries one year ago the desire to participate in all committees and working groups was refused point blank. It was considered impossible for a country that was not an EU member state to be given such great influence. For Norway and Iceland cannot become full members of the Schengen cooperation, but may conclude cooperation agreements.

However, today's Schengen countries have a great wish for the Nordic EU countries to be included. However, Sweden and Denmark have said that the Nordic passport union is more important. The Swedes and Danes only want to be included if Norway and Iceland are also taken into the fold.

According to AFTENPOSTEN's sources, it is thanks to Danish and Swedish pressure that France, Spain, the Netherlands, and the other countries have agreed to Norway being represented in all working groups, committees, and even in the ministerial committee — Schengen's highest-ranking body.

However, this does not mean the race is over. There continues to be genuine disagreement about how and how much influence Norway and Iceland should have when new Schengen regulations are adopted. Because Norway will not be a full member, we cannot take part in votes.

Two Votes?

AFTENPOSTEN's sources indicate that one possible solution would involve a kind of two-stage rocket. Norway, Iceland, and the 13 members would discuss and prepare the way for new decisions in working groups and committees. The 13 would then gather to vote. If everyone agreed, the matter would be taken up for a fresh vote in a new forum in which Norway and Iceland also vote. In this way, Norway would not have a real veto, but would at the same time secure the influence that the constitution calls for.

The negotiations are to be concluded before 18 April, when Schengen's top body will meet. The plan is for Norway to be given observer status within Schengen cooperation on 1 May.

Drugs

The Schengen countries also have considerable internal problems for the moment. The French are continuing to persevere with full checks on people crossing its borders because they are greatly displeased with the Netherlands policy on drugs. And Spain is furious that Belgium will not extradite two suspected Basque terrorists.

Cyprus: U.S. Map of Territory, Proposals Cited

NC1502100996. *Nicoma* O AGON in Greek
15 Feb 96 p 32

[Report by Loukas Loukaidhis]

[FBIS Translated Excerpt] The United States will write, seeking Turkey's and the Cypriot Government's views on all the elements of the Cyprus issue, to determine the willingness to make concessions. Then it will try to take the initiative.

This information comes from U.S. diplomats who want both the written and oral ideas to help the U.S. State Department form its opinion.

The same diplomats said that if the Americans are encouraged by the two sides' views, then they will embark on an initiative and try to make it work.

If they find there is no hope, they will avoid involvement as they seem unwilling to undertake the responsibility for a failure.

The same sources hint that the Americans will prepare a map on the territorial issue and different proposals on the basic issues to be raised at the negotiating table.

U.S. Presidential Envoy Richard Beattie is holding quiet contacts with Ankara's military officials and trying to extract a promise that they will accept and support the view expressed by the politicians on the Cyprus issue. So far he has not been encouraged. [passage omitted]

Cyprus: Greek Legislator Addresses Parliament

NC1602112596. *Nicoma* THE CYPRUS WEEKLY
in English 16 Feb 96 p 1

[FBIS Transcribed Text] Greece has warned Turkey that any military advance towards the free areas of the Cyprus Republic will mean war between the two neighbouring countries.

The Greek position was repeated in *Nicoma* last night by Greek parliament speaker Apostolos Kakiolamantis, while addressing the island's 56-member House of Representatives.

Kakiolamantis, who arrived in the afternoon for a four-day official visit, pledged that Greece would continue to firmly support the island's Greek Cypriot population until a just solution to the Cyprus problem is found.

He said the Joint Defence Pact agreed upon by the Greek and Cypriot governments in November 1993 to face Turkish expansionism is an expression of Greece's dynamical support to the Cyprus people.

For Greece any advance of the Turkish occupation forces towards the southern part of Cyprus automatically constitutes a *casus belli* and will be answered with the most apt means which the nation has. Kakiolamantis said.

Crucial

Kakiolamantis told the Cypriot parliamentarians that his visit to the island was taking place during a crucial period for the whole nation and that his talks with the Cypriot leadership will give him the chance to exchange views on future coordination between the two countries.

He blamed Turkey for the lack of progress in the Cyprus problem, saying it was showing contempt in the most provocative way for everything the international community has agreed upon within the framework of the United Nations.

Referring to Cyprus' bid to become a full member of the European Union, the Greek speaker said it should not be delayed because of the delaying tactics followed systematically by Ankara and its puppets in the Turkish-occupied areas of the island.

Clear

"We should make absolutely clear that the European course of Cyprus is separated from the solution of the Cyprus problem," he added.

Addressing the Greek politician, the Cyprus House of Representatives President Alexi Galanis said Kakiolamantis' visit to the island was another proof that Greece's leadership and people stand by the Cypriots in their struggle for freedom and restoration of their rights, flagrantly violated by Turkey.

Galanis said Cyprus is looking forward to Greece's valuable support to the island's efforts for EU accession, which could act as a catalyst in the efforts for a Cyprus settlement. Greece has been a EU member since 1981.

Greece: 'Terrorist' Attack on U.S. Embassy Denounced

NC1602112996 Athens Elliniki Radiofonous Radio Network in Greek 1600 GMT 16 Feb 96

[FBIS Translated Text] The government, expressing the feelings of all Greek people, denounces unreservedly yesterday's provocative terrorist attack. This demonstration, reported in today's government announcement, stressed that this act was not accidental. The announcement points out that while Greece is reinforcing its position internationally, with decisions expressed by governments and organizations, this terrorist act is serving anti-Greek plans.

The announcement adds: The government will continue its effort to promote Greek positions. It will deal with these provocations and will intensify its actions, so that our community will be rid of this phenomenon, which harms the laws and goes against national interest.

Greece: EP Concerned Over Turkey's Aegean Policy

NC1502170096 Athens Elliniki Radiofonous Radio Network in Greek 1600 GMT 15 Feb 96

[FBIS Translated Text] The European Parliament (EP) plenary session today approved almost unanimously the following resolution: Greece's borders are also the borders of the EU. The resolution also expresses concern over Turkey's provocations in the Aegean. Our Brussels correspondent Nikos Bellios has the following dispatch:

[Bellios] The rocky islet of Imia is Greek, and Greece's borders also constitute the borders of the EU. This categorical position was adopted today in an EP resolution, which also reminded Turkey of its obligations under the customs union with EU; that is, to have goodneighborly relations with Greece and avoid any form of aggressive behavior.

The resolution—which passed with 342 votes for, 21 against, and 11 abstentions—expresses the EP's concern over the violation by Turkey of the sovereignty rights of Greece—an EU member state—and demands Ankara's immediate compliance with the international agreements.

According to the EP's plenum, the rocky islet of Imia belongs to the archipelago of the Dodecanese Islands under the terms of the 1923 Lausanne Treaty, the 1942 Italian-Turkish Protocol, and the 1947 Paris Treaty. It is further pointed out that on Turkish political maps of the 1960's the group of islands in question appears as part of the Greek state.

The resolution further stresses that this action by Turkey falls within the framework of a broader policy of

questioning the status quo in the Aegean. The resolution expresses the EP's regret at the failure of the EU and its member states to take effective action. The European Council of Ministers is urged to undertake initiatives to improve Greek-Turkish relations. The EP's resolution will be conveyed to the Council of Ministers, the EU Commission, the Turkish Government, as well as the Greek Chamber of Deputies and the Turkish Grand National Assembly.

Greece: Athens 'Satisfied' With EP Resolution

NC1602125196 Athens Elliniki Radiofonous Radio Network in Greek 1200 GMT 16 Feb 96

[FBIS Translated Text] Government spokesman Dimitrios Reppas said the Greek Government was satisfied with the European Parliament's (EP) resolution.

The spokesman noted that with this document, Europe is sending a clear message to Turkey and stressed that such documents must constitute the basis for developing relations of friendship and cooperation between the two peoples. Reppas added: Greece will cooperate with all international factors so that such documents will actually contribute to developing relations between European countries and the world.

Greece: Troganis Appointed Chief of General Staff

NC1502194096 Athens Elliniki Radiofonous Radio Network in Greek 1800 GMT 15 Feb 96

[FBIS Translated Excerpt] Following a proposal by National Defense Minister Yorgos Arsenos, KISEA [Government Commission for Foreign and Defense Affairs] has selected Air Force Lieutenant General Athanasios Troganis, currently chief of the Air Force General Staff, as the new YEEFHA [National Defense General Staff] chief.

KISEA will meet again tomorrow to appoint the new chiefs of staff in the three service arms. [Language omitted]

Greece: Foreigner Claims Knowledge of '17 November'

96P20190A

[FBIS Summary] Civilian authorities of the Greek Police (EL AS) have decided to pay \$4,000 to an Arab, possibly a Lebanese or Libyan citizen, who claims that he was a member of the '17 November' terrorist organization and is prepared to reveal the identity of other members in return for clemency, reported Petros Karvounis in the 26 January ELEVTHEROS TIPIS on page 1. This individual also claims he knows who the terrorist organization's next victim will be.

According to "absolutely cross-checked information," the individual in question visited the Greek Embassy in Libya and demanded money to reveal all he knows about "17 November." Karsintis continued. The embassy then sent the pertinent documents to Minister of Public Order Kostas Yiotas and Minister of Foreign Affairs Theodoros Pangalos. The documents mentioned names of other Third World citizens, cited by this individual as "17 November" members. However, these persons' real existence must still be verified, Karsintis wrote.

Police officials are wondering at the modest sum demanded by this individual as a "down payment," given the much higher amounts offered by both American and Greek authorities. Meanwhile, it was decided at a meeting between Yiotas and ELAS, Greek Intelligence Service (EIP), and anti-terrorism officials to dispatch a group of officers to the country where the Arab resides as soon as possible. While the affair may blow over as just another scheme to get the promised rewards, the Arab said in his letter he is ready to reveal names of Greek citizens as well, at which time his monetary demands will increase, Karsintis wrote.

Greece: Prime Minister Simitis' Aides Presented
96P202598

(FBIS Summary) An article in the 23 January TA NEA on pages 8-9 provided information on the close aides of newly-elected Prime Minister Kostas Simitis. Two of them, Theodoros Tsoukatos and Nikos Themelis, who will be close associates of Simitis, played an important role in the discussions regarding the formation of his government, the article affirmed. Tsoukatos, who joined Simitis' staff after the 1993 parliamentary elections, has become one of his "most dynamic" aides. A member of the Panhellenic Socialist Movement (PASOK) central committee, Tsoukatos was a successful trade unionist at the Ministry of Merchant Marine and is an expert in party affairs. As a result, he provided the prime minister with important access to party grassroots and the PASOK apparatus, something Simitis lacked despite being a founding member of PASOK. According to the article, Tsoukatos will now be in charge of preparing Simitis' candidacy for the June PASOK congress that will elect a new deputy party chairman under Andreas Papandreu.

Themelis also played an important role in behind-the-scenes negotiations for the formation of the new government, the article continued. Now a principal Simitis advisor, Themelis, who has been with Simitis for over 10 years, is a lawyer who worked at the permanent Greek representation in Brussels and was a member of the European Commission. He worked with present Minister of Foreign Affairs Theodoros Pangalos at the Foreign Affairs Ministry and subsequently represented the Ministry of Agriculture in Brussels when Simitis was its head. Themelis knows better than anyone else the intentions, tendencies, even the thoughts of the prime minister, the article claimed.

Simitis' entourage also includes former Ministry of Industry secretary general and former deputy from Kefallonia Tassos Maderlis. This 40-year-old lawyer is married and has a son and a daughter. Another aide is Andreas Angelidis, a lawyer, who worked with Simitis in the PASOK enlightenment commission. He headed Simitis' office for a number of years at the Ministries of Agriculture, National Economy, Education, Commerce, and Industry.

Newsman Yorgos Pandavas, now Simitis' press counselor, was formerly in charge of Simitis' press office. He is a PASOK member who worked in the past with Minister of Interior Aki Tsakalozopoulos.

Other Simitis aides are Theodoros Karatzas, a lawyer, former deputy minister of national economy, well known for the reform and modernization of the banking system during the second PASOK government. He is also responsible for the recent proposals to the Ministry of National Economy with regard to the modernization of the stock market.

Chemical engineer Kiriakos Verelis is now president of the state-owned oil and gas companies. A former president of the Greek Chemists' Union, he was for years an advisor to the Ministry of Commerce and Industry. He worked in the private sector from 1989 to 1993, and was an unsuccessful candidate from the Attikakapitania name in the last parliamentary elections.

Turkey Objects to Linking Water to Mideast Talks
NC1502163696 Ankara *TURKISH DAILY NEWS*
in English 15 Feb 96

[Received via Internet]

[FBIS Transcribed Text] Ankara — Ankara made an unusually severe statement in response to a Iraqi-Syrian warning to Turkey to stop the construction of two dams on the Euphrates, saying Turkey would not bow to "threats." "Turkey is no country to be threatened," Foreign Ministry spokesman Nurettin Nurkan said in his press conference.

"Trying to take other countries behind you, or trying to pull the water question onto the international agenda to provide a smokescreen for other issues will serve no interest," Nurkan said.

His statement followed a meeting between Syrian and Iraqi officials in Damascus at which the two countries urged Turkey to stop the construction of the Birecik and Kargamis dams on the Euphrates or the two downstream nations "would be faced with the necessity to take action." Both projects are regulation dams which must be built in line with Turkey's Ataturk Dam, the backbone of its Southeastern Anatolia Project (GAP), designed to bring prosperity to the troubled Southeast.

Nurkan's remarks indicated that Turkey largely blamed Syria for the meeting and recent statements by the Arab League. "The Syrian claims that Turkey is not giving enough water are completely baseless. Turkey has given Syria more than five hundred cubic meters of water per second for the last year," Nurkan said. He added that Syria's insistence on the water question was an effort to divert international attention from its involvement in terrorism.

"The first issue on the agenda between Turkey and Syria is Syrian support of terrorism. The fact that the head of the terrorist organization the Kurdistan Workers' Party (PKK) continues to reside in Syria, although Damascus continues to deny it. The Syrian support for the PKK...has done irreparable damage to bilateral ties," Nurkan said.

Ankara also firmly denied that the water question between Turkey and Syria was in any way linked to Middle East peace, saying "no contribution to Mideast peace can be made at the expense of Turkey." Ankara's severe rejection came after press reports quoting Israeli Prime Minister Shim'on Peres as saying the problem of water had to be solved for peace to be achieved with Syria.

"Without a solution to the water problem we will not have any agreement. The solution could be theoretically

that Syria would get water from Turkey and we would keep all the water sources that are under our authority today," Peres said in remarks to students, carried on Israeli radio stations.

"The Turkish stance on the matter is clear," Foreign Ministry spokesman Nurettin Nurkan said. "There can be no link between the waters of the Euphrates (which flows from Turkey to Syria) and the Israeli-Syrian peace process." Nurkan, noting that he had only seen the remarks of Peres in news reports, said, "If they are represented accurately, the link drawn by Peres does not reflect the situation accurately."

The waters of the Euphrates are not an issue of bargaining (in the peace process). No contribution to the Mideast peace can be made at the expense of Turkey," he said.

More than four years of peace talks between the arch-enemies have snagged over the scope, timing and security arrangements of an Israeli withdrawal from the Golan Heights, captured from Syria in the 1967 Middle East war. The sides resume talks near Washington on Feb. 26.

The Golan, a plateau overlooking northern Israel, is a key water-gathering region in the parched Middle East. It is the site of the headwaters of the Jordan River. Israel has said tributaries flowing from the Golan to the Sea of Galilee, Israel's largest reservoir, provide 30 percent of its needs and cannot be given up. Even before holding the Golan, Israel used, and fought for, its water. Arab states in 1964 made an attempt to divert the Jordan's headwaters, but in 1965 Israel moved against the preliminary Syrian works, ending the attempted diversion.

Turkey Proposes Supplying Russian Gas to Israel

NC1502171496 Paris *AFP* in English
1553 GMT 15 Feb 96

[FBIS Transcribed Text] Ankara, Feb 15 (AFP)—Turkey said Thursday (15 February) that it had proposed a project to Israel to build a pipeline over Turkish territory and beneath the Mediterranean that would supply Russian natural gas to the Jewish state.

Turkey's state pipeline company, BOTAS, said top officials from the company and a related international pipeline consortium had submitted the proposal to Israeli Prime Minister Shim'on Peres on Tuesday. BOTAS said it was expecting a positive reply from Israel.

"The deal covers the building of a 1,600 km (1,000 mile) pipeline via Turkey and beneath the Mediterranean.

a project with an estimated cost of two billion U.S. dollars, that would carry between four and six billion cubic meters of Russian natural gas annually to Israel," BOTAS said in a statement. The pipeline system might be extended to supply gas to Cyprus, Syria, Palestine and Lebanon if a need arises," it added.

Turkey already has a gas agreement with Moscow and this year is receiving nearly six billion cubic meters of Russian gas from a western pipeline passing via Ukraine, Romania and Bulgaria. Ankara is also considering to receive another eight billion cubic meters of Russian gas after the year 2000 through an eastern pipeline via Georgia, which already exists and might be extended to reach Israel.

BOTAS, Canada's Transcanada and Israel's Del Men have recently set up a consortium which plans to build pipelines supplying natural gas from ex-Soviet states to Turkey and third countries. This consortium is planning to build the Russia-to-Israel pipeline if the project is approved.

Turkey: Ankara Regrets Iranian Flag-Burning Incident

TA1402141496 Ankara TRT Television Network
in Turkish 1300 GMT 14 Feb 96

[FBIS Translated Text] Turkey has announced that it regrets the incident in which a group of persons opposing the regime in Iran set fire to the Iranian flag in front of the Iranian Embassy in Ankara.

Speaking at his weekly news conference, Foreign Ministry deputy spokesman Nurettin Nurkan said that the demonstration on 10 February was held without a permit. He recalled that Turkish law bans flag burning. Furthermore, he added, this incident is incompatible with Turkish traditions which are based on respect for the flags of other countries. Nurkan said that effective measures were taken speedily in connection with the incident.

Turkey Assails 'Biased' EP Resolution on Kardak

TA1502193196 Ankara TRT Television Network
in Turkish 1800 GMT 15 Feb 96

[FBIS Translated Text] Turkey has declared that the European Parliament (EP) resolution pertaining to the Kardak rocks is biased, devoid of any legal basis, and far from constructive.

In reply to a question on the EP resolution concerning the Kardak rocks, Foreign Ministry deputy spokesman Nurettin Nurkan issued a statement. Pointing out that the reference made in the resolution to certain maps which have no legal value is meaningless, Nurkan said:

Moreover, international maps showing that the Kardak rocks belong to Turkey do exist.

The statement issued by Nurkan notes: The fact that the resolution does not mention that the Lausanne and Paris agreements, which are cited in the resolution, include provisions on the demilitarization of the Aegean islands and that Greece has been violating this explicit provision of the agreements for years is an indication that the EP is approaching Turkish-Greek issues and the Aegean problem in a biased manner. As seen in the past, the EP is continuing to pursue its biased attitude toward Turkey, an attitude that is far from constructive and contains unjust criticism. Through this approach, the EP is only damaging its own reputation.

Turkey: Ciller Assails EP Interference in Aegean

TA1502201996 Ankara TRT Television Network
in Turkish 1800 GMT 15 Feb 96

[FBIS Translated Text] Addressing the True Path Party assembly group meeting today, Prime Minister Tansu Ciller commented on the Aegean problem. Ciller said that the conflicts in the Aegean Sea can be resolved only by means of negotiations to be conducted with Greece, adding: Europe cannot approach this issue in any other way.

Ciller reiterated that Turkey will not allow a fait accompli in the Aegean. Pointing out that the necessary measures will be adopted in such an event, Ciller recalled that this was clearly demonstrated during the Kardak crisis. She noted that the Kardak incident showed once again in the international arena that the Aegean Sea is made up of disputed waters. Ciller also stressed that there is no final agreement regarding these rocks.

[Being Ciller recording] This is what we are saying: Let us address this issue before such conflicts arise, before we reach this point, by means of negotiations. If you are in possession of documents indicating ownership, then present them clearly and allow this matter to be discussed on the basis of documents. If such a thing exists, then let us discuss it. This is the right thing to do. Europe cannot approach this matter in any other way. [end recording]

Welfare Party deputy leader Abdullah Gul declared that the European Parliament (EP) discussed a draft resolution that claims that the Aegean islands belong to Greece and said that the adoption of this resolution will put the status of the Aegean in question. In a news conference at parliament today, Gul said that the statements issued in European circles in connection with this draft resolution approach this matter like a border

issue between the EU and Turkey. Gul noted that this is an indication of the dangerous developments his party mentioned with regard to Cyprus.

[Begin Gul recording] Therefore, although it has a caretaker status, this government and the Foreign Ministry must show the necessary response and pursue an active policy. I would like to point out that Turkey cannot tolerate any more concessions on its rights. Moreover, we would like to underline that the hoisting of the EU flag on these islands as well as the voicing, writing, and recording of statements that are categorically unacceptable are total nonsense. I believe that the current government will fulfill its duty and will refuse to discuss such matters. [end recording]

In reply to a question on the coalition talks between his party and the Motherland Party [ANAP], Gul said: It is matter of adopting a path. Mutual trust has been secured.

ANAP Istanbul Deputy Bulent Akarcali said that the EP, encouraged by the concessions made in exchange for the Customs Union, has adopted a resolution that constitutes interference in Turkey's sovereignty rights. In a joint news conference with ANAP deputy leader Imren Aykut at parliament today, Akarcali noted that the EP adopted a resolution that states that the Kardak islands in the Aegean delineate not only the borders of Greece but also those of the EU. This is the first attack against Turkish territory since the Karlovac agreement [signed by the Ottoman Empire in 1699], Akarcali pointed out and added: Similar resolutions may be adopted in connection with Hatay or other areas in the future. One cannot know where this will lead.

Akarcali said that although the crisis was created by Greece, there are attempts to make Turkey pay the price. Akarcali stressed that Turkey should renounce its past policy of dismissing anti-Turkish resolutions issued by the EP and display a serious and emphatic stand in this regard.

Turkey: RP, ANAP Disagree Over Premiership
 NC1502163796 Ankara *TURKISH DAILY NEWS*
 in English 15 Feb 96

[Report by Ayla Ganioglu — received via Internet]

[FBIS Transcribed Text] Ankara — Pro-Islamic Welfare Party (RP) leader Necmettin Erbakan and Motherland Party (ANAP) Chairman Mesut Yilmaz have decided to hold another meeting today in a final attempt to form a government. Both leaders agreed to meet again on the grounds that they could not complete negotiations during their gathering on Wednesday [14 February].

During that meeting, Yilmaz reportedly proposed a rotating premiership provided he take the first turn and also a rotating minority government also on the condition that his party go first.

Pointing out that it was out of the question for their party to give way on Yilmaz's offers and that accepting Erbakan's premiership was impossible, ANAP officials said that the second round of the meeting would be held at Erbakan's insistence. ANAP parliamentary group Deputy Chairman Ulku Guney said Yilmaz's stance at the meeting had been firm. Guney told the TDN [*TURKISH DAILY NEWS*] that if the two leaders had reached an agreement, they would have made an announcement after the meeting.

"However, the facts that it was a long meeting and that both leaders have decided to meet again make one think that they may have found common ground which they would like to discuss with their respective parties," Guney told the TDN.

Bulent Akarcali from ANAP told the TDN that Erbakan had not said 'No' during the meeting and that he wanted to meet his colleagues before saying 'Yes.' Akarcali said if Erbakan accepted Yilmaz's offers, a positive result could be obtained.

It was the last chance for the RP to come to power, he said. He added that his party could not accept the RP's request to take the first turn at premiership.

ANAP's Kamran Inan told the TDN he did not expect the two leaders to reach an agreement and predicted that the government would be set up by the president in the end. Oltan Sungurlu, also from ANAP, said that he had had no hope before the first meeting but that the renewed meeting gave him cause for a little optimism.

Following the meeting, Erbakan met with his party's executive. RP administrators refrained from making a statement about the meeting although Ankara's RP Mayor Melih Gokcek said he was hopeful about the RP-ANAP coalition.

RP Deputy Chairman Recai Kutan said that the fact that the meeting had been put off until today showed that things were on a positive track.

Halil Ibrahim Celik from the RP said there was no other alternative to an ANAP-RP pact and that the leaders would reach agreement. Celik said that he was cautiously optimistic.

On the other hand, one RP deputy who requested anonymity, said Erbakan had seemed nervous during his joint statement with Yilmaz. He said that both Erbakan's appearance and the postponement of the meeting until

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23 Feb 96